To the Honorable Council
City of Norfolk, Virginia

January 11, 2022

From: Gregory A. Patrick
Director of Budget & Management

Subject: Southside Network Authority
FY22 OB Amend $6M (ARPA)

Reviewed:

Catheryn R. Whitesell, Deputy City Manager

Ward/Superward: Citywide

Approved:

Dr. Larry H. Filer II, City Manager

Item Number: R-4

I. **Recommendation:** Adopt Ordinance

II. **Applicant:** City of Norfolk, Department of Budget and Strategic Planning

III. **Description:**

This is an ordinance to authorize the expenditure of $6 million from the U.S. Treasury Coronavirus State and Local Fiscal Recovery Act (ARPA) to fund city services. Funding for these city services is already included in the city's Adopted FY 2022 Operating Budget. Transitioning the expenses for these services to ARPA will create a $6 million budgetary savings. This savings will be used to support the Southside Network Authority Broadband Project. The project will construct a regional fiber ring, which will connect several southside city's municipal networks to create a reliable and cost-effective network that will deliver high-speed data and support future development around the delivery of information and technological advancements.

IV. **Analysis:**

According to the State and Local Fiscal Recovery Fund Interim Final Rule, "Recipients may use payments from the Fiscal Recovery Funds for the provision of government services to the extent of the reduction in revenue experienced due to the COVID-19 public health emergency" The Interim Final Rule provides the method by which localities must calculate this revenue loss. Based on conservative assumptions, Norfolk's calculated revenue loss will be substantial. Sections 602(c)(1)(C) and 603(c)(1)(C) of the Act provide recipients with broad latitude to use revenue loss funds for the provision of government services.

"Government services can include, but are not limited to, maintenance or pay-go funded building of infrastructure, including roads; modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services." For the purposes of the City of Norfolk, eligible governmental expenditures attributed to this category may include employee salaries and benefits, mandatory contributions to regional or state initiatives, and other large expenses that fall within the interim final rule definition.

The Southside Network Authority Project was included in the City Manager's Preliminary ARPA Investment Plan. The project is included in the city's online resident engagement tool - *"Prioritize"*. The Southside Network Authority Broadband Project has consistently been among residents' highest priority projects and has been ranked as the number one resident priority more than any other project on "*Prioritize"*.

V. Financial Impact:
The City of Norfolk has received approximately half of the U.S. Treasury Coronavirus State and Local Fiscal Recovery Act (ARPA) funds awarded to the city. These funds are available to award to city services. Therefore, there is no direct financial impact to the city's FY2022 General Fund Budget.

VI. Environmental:
N/A

VII. Community Outreach/Notification:
Public notification for this agenda item was conducted through the City of Norfolk's agenda notification process.

VIII. Board/Commission Action:
N/A

IX. Coordination/Outreach:
This letter and ordinance have been coordinated with City Attorney's Office, the Department of Information Technology, and the Department of Finance.

Supporting material from the Department of Department of Budget and Strategic Planning:
- Ordinance

Pursuant to Section 72 of the City Charter, I hereby certify that the money required for this item is in the city treasury to the credit of the fund from which it is drawn and not appropriated for any other purpose

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Christine Garczynski, Director of Finance

NORFOLK, VIRGINIA

Ordinance No.

AN ORDINANCE AMENDING THE FY2022 ANNUAL APPROPRIATIONS ORDINANCE (NO. 48,379) SO AS TO ACCEPT, APPROPRIATE AND AUTHORIZE THE EXPENDITURE OF SPECIAL REVENUE FUNDS UP TO THE SUM OF $6,000,000.00 PREVIOUSLY RECEIVED FROM THE U.S. TREASURY CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS FOR THE PURPOSE OF PROVIDING CERTAIN CITY SERVICES, AND TO AUTHORIZE THE ADDITIONAL EXPENDITURE OF PREVIOUSLY-APPROPRIATED FUNDS IN THE AMOUNT OF UP TO $6,000,000.00 FOR THE PURPOSE OF CONSTRUCTING A REGIONAL FIBER RING IN CONNECTION WITH THE SOUTHSIDE NETWORK AUTHORITY BROADBAND PROJECT.

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BE IT ORDAINED by the Council of the City of Norfolk:

Section 1:- That the FY2022 annual appropriations ordinance (No. 48,379) is amended and reordained to add Section 14 subparagraph (ddddd) to read as follows:

> (ddddd)   That special revenue funds in the amount of up to six million dollars ($6,000,000.00) previously received from the U.S. Treasury Coronavirus State and Local Fiscal Recovery Funds are hereby appropriated and authorized for expenditure for the purpose of providing certain City services, including but not limited to: the maintenance or pay-go funded building of infrastructure, including roads; the modernization of cybersecurity, including hardware, software, and the protection of critical infrastructure; health services; environmental remediation services; school

or educational services; and police, fire, and other public safety services.

(1) That in addition previously appropriated operating funds in the amount of up to six million dollars ($6,000,000.00) are hereby authorized for expenditure for the purpose of constructing a regional fiber ring in connection with the Southside Network Authority Broadband Project.

Section 2:- That this ordinance shall be in effect from and after the date of its adoption.

CERTIFICATION OF FUNDING
Account No.: 2275-47-9685-9685-RELO
Amount: $6,000,000.00

Account No.: 1000-17-922-301
Amount: $6,000,000.00